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FOLLOWING FROM PUS.

PRIME MINISTER'S VISIT TO BAHRAIN/KUWAIT.

1. EVEN MAKING ALLOWANCES FOR THE TRADITION OF ARAB HOSPITALITY THE PRIME MINISTER HAS BEEN FORMIDABLY WELL RECEIVED. IN BOTH COUNTRIES SHE HAS HAD FULL HEAD OF STATE TREATMENT WITH LONG CONVERSATIONS WITH AND ENTERTAINMENT BY THE TWO AMIRS AS WELL AS WITH THE PRIME MINISTERS AND OTHER SENIOR MINISTERS. THERE HAVE BEEN CONSTANT AND OBVIOUSLY SINCERE REFERENCES TO THE STRENGTH OF THE CONTINUING RELATIONSHIP WITH BRITAIN. (THIS WAS DESCRIBED IN BAHRAIN AS A "SPECIAL RELATIONSHIP" AND SO IT WAS CERTAINLY MADE TO SEEM).
2. THE TONE OF THE PRIME MINISTER'S TALKS WAS UNIFORMLY URBANE AND FRIENDLY. BUT, ESPECIALLY IN KUWAIT, NO HOLDS WERE BARRED, WHETHER IN THE POLITICAL EXCHANGES EG ON ARAB/ISRAEL, OR IN THE TONE OF COMPLAINTS ABOUT THE INADEQUACY OF PAST PERFORMANCE BY BRITISH BUSINESS AND INDUSTRY. AND THROUGH ALL THE FRIENDLINESS AND COURTESY A SINGLE DOMINANT STRAND RAN VERY CLEARLY: ACUTE CONCERN AT THE CONTINUING FAILURE TO RESOLVE THE ARAB/ISRAEL DISPUTE AND SHARP DISAPPOINTMENT, NOT TO SAY INDIGNATION, AT CURRENT AMERICAN POLICY. THIS WAS EXPRESSED FAR MORE TARTLY IN KUWAIT THAN IN BAHRAIN, BUT THE ANXIETY AND CRITICISM THERE SEEMED ONLY marginally LESS. THERE WERE NUMEROUS REFERENCES TO THE "HUMILIATION" OF THE SAUDIS BY THE AMERICANS OVER AWACS, THE OBSESSION OF THE US ADMINISTRATION WITH STANDING UP TO THE USSR INSTEAD OF MAKING PROGRESS ON PALESTINE, AND, TO CAP IT ALL, AMERICAN PLANS FOR "STRATEGIC COOPERATION" WITH ISRAEL WHICH APPEARED TO HAVE BEEN THE SOLE AND DISASTROUS OUTCOME OF BEGIN'S JOURNEY TO WASHINGTON. THE PRIME MINISTER'S VISIT HAS TO BE VIEWED AGAINST THIS BACKGROUND. IT ATTRACTED SUBSTANTIAL AND FRIENDLY COVERAGE WITH FRONT PAGE HEADLINES AND PHOTOGRAPHS ON TELEVISION AND IN THE PRESS (AT LEAST IN THE ENGLISH LANGUAGE PAPERS): THE KUWAIT TIMES PRINTED A SPECIAL SUPPLEMENT.

3. IN BOTH CAPITALS THE PRIME MINISTER'S HOSTS EMPHASISED THE NEED FOR BRITISH PRESSURE ON THE US ADMINISTRATION OVER ARAB/ISRAEL: AND BOTH ASKED HER TO STATE BRITISH POLICY ON THE FUTURE OF CAMP DAVID. THE KUWAITIS PRESSED HER ON JERUSALEM AND RECOGNITION OF THE PLO. BOTH EXPRESSED THEIR CONTINUING CONCERN AND THAT OF ALL THE GULF RULERS AT THE EXTENT TO WHICH THEY FACED CRITICISM FOR THEIR CONTINUING FRIENDSHIP WITH THE UNITED STATES WHEN THE LATTER'S POLICY SHOWED THAT THE US WAS NO FRIEND OF THE ARABS.

4. THE PRIME MINISTER RESPONDED IN THE SAME FIRM BUT FRIENDLY TONE AS HER HOSTS. SHE REMINDED THEM OF OUR CONTINUING SUPPORT FOR THE PRINCIPLES OF THE VENICE DECLARATION AND OF WHAT HAD BEEN AND WAS BEING DONE TO FOLLOW IT UP. SHE POINTED OUT REPEATEDLY - AND THEY BOTH ACQUIESCED - THAT IT WAS IDLE TO EXPECT REAL PROGRESS WITHOUT THE AMERICANS: BUT SHE ALSO UNDERTOOK TO URGE THE AMERICANS TO DEVELOP A POLICY FOR THE PERIOD AFTER THE RETURN OF SINAI, DURING THE TWO OPERATIONAL YEARS OF THE REAGAN PRESIDENCY BEFORE THE NEXT ELECTORAL CAMPAIGN BEGAN. SHE EMPHASISED THE NEED FOR A PRACTICAL STEP-BY-STEP APPROACH AND EXPLAINED OUR HOPES FOR THE CONDITIONAL RECOGNITION OF ISRAELI RIGHTS BY THE PLO, ARGUING THAT IT WAS UNACCEPTABLE FOR EITHER SIDE TO DEMAND THE RIGHT TO AN INDEPENDENT EXISTENCE WITHIN SECURE FRONTIERS WHILE REFUSING TO CONCEDE SIMILAR RIGHTS TO THE OTHER SIDE. IN BAHRAIN SHE UNDERTOOK TO DRAW PRESIDENT REAGAN'S ATTENTION TO CONCERN IN THE GULF AT THE DAMAGING CONSEQUENCES OF A FAILURE TO GET THE AWACS DEAL THROUGH CONGRESS (OR OF ATTACHING OFFENSIVE CONDITIONS TO IT). WITH THE AMIR OF KUWAIT, RECENTLY RETURNED FROM EASTERN EUROPE AND REPORTEDLY ADVOCATING THE ESTABLISHMENT OF RELATIONS BETWEEN THE SOVIET UNION AND KUWAIT'S GCC PARTNERS, SHE FIRMLY EXPLAINED OUR REASONS FOR RESISTING THE SOVIET THREAT TO WESTERN LIBERTY AND FOR OPPOSING SOVIET ENCROACHMENT ON THE FREEDOM OF CHOICE OF THIRD WORLD COUNTRIES (SHE CITED AFGHANISTAN). THE AMIR PROVED BOTH MORE RELAXED AND FRIENDLY AND CONSIDERABLY MORE ARTICULATE THAN WE HAD EXPECTED. BUT HIS SUBSTANTIAL EXCHANGE WITH THE PRIME MINISTER ABOUT ARAB/ISRAEL WAS BASICALLY A DIALOGUE OF THE DEAF.

5. ON THE OTHER HAND, THERE WERE ENCOURAGING AND VERY POSITIVE EXCHANGES WITH THE PRIME MINISTER IN BOTH CAPITALS ABOUT THE PROGRESS BEING MADE BY THE GULF COOPERATION COUNCIL (GCC): THE PRIME MINISTER WAS STRUCK, AS WE ALL WERE, BY THE EVIDENT DETERMINATION SHE FOUND TO DEVELOP THE GCC AND TO GIVE IT A SUBSTANTIAL PROGRAMME OF WORK. SHE WAS ALSO STRUCK BY THE READINESS, INCLUDING IN KUWAIT, TO BEGIN TO THINK IN TERMS OF A SECURITY ROLE FOR THE GCC. I THINK THIS IS BEGINNING TO TAKE OFF IN A REAL AND USEFUL WAY.

6. THROUGHOUT HER DISCUSSIONS IN BOTH COUNTRIES THE PRIME MINISTER SPOKE LOUD AND CLEAR FOR BRITISH TRADE AND PARTICULARLY FOR THE SUPPLY BY BRITAIN OF DEFENCE EQUIPMENT WITH PARTICULAR REFERENCE TO THE TECHNICAL SUPERIORITY OF BRITISH EQUIPMENT (ELECTRONICS AND RADAR ABOVE ALL). SHE SUGGESTED THAT THE GCC SHOULD OBTAIN A BRITISH-SUPPLIED COMMUNICATIONS NETWORK, PUSHED THE RAPIER AND HAWK STRIKE TRAINER: PRESSED THE KUWAITIS TO OBTAIN THEIR COMMUNICATION/CONTROL PROJECT REQUIREMENTS FROM BRITAIN AND OFFERED TO MEET KUWAIT'S FUTURE TANK REQUIREMENTS. IN BAHRAIN SHE WAS ASKED FOR A BRITISH STUDY OF GULF AIR DEFENCE NEEDS (SEE SEPARATE TELEGRAM TO MODUK) AGAINST A BACKGROUND OF LIKELY AMERICAN PRESSURE FOR ACCEPTANCE OF A US SUPPLIED INTEGRATED SCHEME FOLLOWING THE AWACS DEAL.

SHE ALSO PUT IN A PLEA FOR CERTAIN BRITISH BIDS FOR CIVILIAN PROJECTS IN EACH COUNTRY. I THINK THE PRIME MINISTER'S DETERMINED SALESMANSHIP MADE A CONSIDERABLE IMPACT, DESPITE THE RESERVATIONS EXPRESSED ABOUT OUR PAST PERFORMANCE (SEE PARA 1 ABOVE).

ALL IN ALL A VERY WORTHWHILE VISIT AND ONE WHICH MADE A REAL IMPACT BOTH ON GOVERNMENTS AND ON THE PUBLIC. THE PRIME MINISTER HELD PRESS CONFERENCES IN BOTH CAPITALS. IN BAHRAIN THIS WAS A TAME AFFAIR AND SHE HAD LITTLE TO GET HER TEETH INTO. BUT KUWAIT WAS A DIFFERENT MATTER. HERE SHE CAME UNDER DETERMINED AND IN SOME CASES HOSTILE QUESTIONING ABOUT OUR ATTITUDE TO ARAB/ISRAEL. THE FULL TEXT WILL BE AVAILABLE TO YOU. THE ONLY DIFFICULTIES FOR SOME OF OUR POSTS MAY ARISE FROM THE PRIME MINISTER'S FORCEFUL STATEMENT OF HER VIEWS ON CERTAIN ASPECTS OF THE PALESTINIAN QUESTION IN TERMS WHICH WERE CERTAINLY JUSTIFIED BY THE TONE OF THE QUESTIONING BUT ARE LIABLE TO BE DISTORTED IN CRITICAL OR HOSTILE QUARTERS. THE TRANSCRIPT SHOWS CLEARLY THE CONTEXT IN WHICH THESE REPLIES WERE GIVEN. THE PRIME MINISTER BROUGHT OUT VERY PLAINLY OUR SEARCH FOR BALANCE, BASED ON THE VENICE PRINCIPLES, OUR REJECTION OF UNJUSTIFIED VIOLENCE ON EITHER SIDE (SHE EXPRESSED STRONG CONDEMNATION OF THE ISRAELI BOMBING OF THE IRAQI REACTOR AND MORE RECENTLY IN LEBANON) AND OUR ACCEPTANCE OF PALESTINIAN RIGHTS. BUT IN KUWAIT IN PARTICULAR THERE IS LITTLE DISPOSITION TO LOOK AT BOTH SIDES OF THE QUESTION. I DO NOT CONSIDER THAT THE ATTITUDES ON ARAB/ISRAEL EXPRESSED BOTH PUBLICLY AND PRIVATELY TO THE PRIME MINISTER IN KUWAIT DETRACT IN ANY SIGNIFICANT WAY FROM THE EVIDENT WARMTH OF HER RECEPTION, SUCCESS OF THE VISIT AND GENUINE SATISFACTION AT THE FACT THAT A BRITISH PRIME MINISTER IN OFFICE WAS VISITING THESE TWO COUNTRIES FOR THE FIRST TIME.

CAMBRIDGE.

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